

## Message Text

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ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 PA-01 PRS-01 USIA-06 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 DODE-00 EB-07 FEAE-00

FPC-01 H-01 INR-07 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-03 NIC-01 AGR-05 SAJ-01 /108 W

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R 041009Z FEB 75

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 2633

DEPT OF COMMERCE WASHDC

INFO AMEMBASSY BELGRADE

AMEMBASSY BUCHAREST

USMISSION GENEVA

AMEMBASSY MOSCOW

AMCONSUL MUNICH

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY VIENNA

AMEMBASSY WARSAW

LIMITED OFFICIAL USE BUDAPEST 0339

E.O. 11652: N/A

TAGS: ETRD, HU, UR

SUBJ: CONCLUSION OF HUNGARIAN-SOVIET TRADE AGREEMENT

REF: A. BUDAPEST 0270

B. BUDAPEST 0229

GENEVA FOR MTN DELEGATION; VIENNA FOR EWTC

1. SUMMARY: AFTER PROLONGED NEGOTIATIONS AND AT LEAST  
THREE TRIPS TO MOSCOW DURING MONTH OF JANUARY BY FOREIGN  
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TRADE MINISTER BIRO, HUNGARIAN-SOVIET 1975 TRADE AGREEMENT

OFFICIALLY SIGNED IN SOVIET CAPITAL JANUARY 31. ACCORD CALLS FOR 8.3 PERCENT INCREASE IN VOLUME IN BILATERAL TRADE THIS YEAR WITH VALUE OF GOODS EXCHANGE TO EXCEED 2.25 BILLION RUBLES. CHARACTER OF GOODS TO BE TRADED IS BASICALLY UNCHANGED FROM PERVIOUS YEARS ALTHOUGH SOVIETS WILL BE SUPPLYING HUNGARY WITH MODEST QUANTITIES OF NATURAL GAS FOR FIRST TIME. LACK OF REFERENCE TO PRICE AT WHICH SOVIET OIL WILL BE SUPPLIED TO HUNGARY WOULD APPEAR TO GIVE ADDITIONAL SUPPORT TO REPORTS THAT SOVIETS HAVE INCREASED PRICES, AS IN PREVIOUS ARTICLES ON SOVIET OIL DELIVERIES HUNGARIANS HAVE GENERALLY NOTED THAT OIL BEING SUPPLIED AT UNCHANGED PRICES. END SUMMARY.

2. CONSIDERABLE ATTENTION GIVEN IN HUNGARIAN MEDIA TO CONCLUSION OF SOVIET-HUNGARIAN 1975 TRADE AGREEMENT WHICH SIGNED LAST FRIDAY IN MOSCOW BY FOREIGN TRADE MINISTER BIRO AND HIS SOVIET COUNTERPART PATOLICEV. ACCORD CALLS FOR VOLUME OF TRADE TO RISE 8.3 PERCENT AND TRADE VALUE OF GOODS TO EXCEED 2.25 BILLION RUBLES. THE SOVIET UNION WILL SUPPLY HUNARY WITH 6 MILLION TONS OF OIL, 750,000 TONS OF COKE, 300,000 TONS OF HARD COAL, 400,000 TONS OF KEROSENE AND HEATING OIL AND 4.2 BILLION KILOWATT HOURS OF ELECTRIC ENERGY. FOR FIRST TIME SHIPMENTS OF UNSPECIFIED QUANTITY OF SOVIET NATURAL GAS WILL ALSO BEGIN ARRIVING IN HUNGARY VIA FRATERNITY PIPELINE. IN ADDITON, RUSSIANS WILL COVER 90 PERCENT OF HUNGARIAN IRON ORE REQUIREMENTS AND DELIVER 240,000 TONS OF PIG IRON, 33,000 TONS OF COPPER, 44,000 TONS OF FERROUS ALLOYS, 500,000 TONS OF CEMENT, AND 525,000 TONS OF FERTILIZER. SHIPMENTS OF WOOD AND PAPER INCLUDE 1.1 MILLION SQ METERS OF SAWN WOOD, 86,000 TONS OF CELLULOSE, 70,000 TONS OF PAPER, 70,000 CARTONS. ADDITIONAL SOVIET DELIVERIES INCLUDE 120,000 BICYCLES, 44,000 TONS OF COTTON, 35,000 AUTOMOBILES, 5,000 TRUCKS, AND 4,500 TRACTORS. HUNGARIAN STATE AIRLINE, MALEV, WILL HAVE THREE NEW TU-154S ADDED TO ITS FLEET.

3. HUNGARIAN SHIPMENTS TO SOVIET UNION WILL, AS IN PREVIOUS YEARS, PRIMARILY CONSIST OF MACHINERY AND EQUIPMENT. HUNGARIANS WILL SUPPLY 5,700 IKARUS BUSES, 24.5 THOUSAND REAR AXLES, 24 UNIT TRAINS AS WELL AS UNSPECIFIED QUANTITIES OF AUTOMATIC EQUIPMENT AND MEASURING INSTRUMENTS FOR SOVIET OIL AND GAS PIPELINES. OTHER PRINCIPAL HUNGARIAN EXPORTS INCLUDE LIMITED OFFICIAL USE

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14 MILLION PAIRS OF SHOES, 37 MILLION METERS OF FABRIC, A 20 PERCENT INCREASE IN DELIVERIES OF KNITWEAR, AND 230,000 TONS OF FRESH FRUIT. PHARMACEUTICAL PRODUCTS WILL CONTINUE TO BE AN IMPORTANT EXPORT ITEM CONSTITUTING 7 PERCENT OF TOTAL DELIVERIES.

4. COMMENT: IT APPEARS THAT PATTERN OF HUNGARIAN-SOVIET GOODS EXCHANGES WILL REMAIN BASICALLY UNCHANGED IN COMING

YEAR WITH SOVIETS CONTINUING TO DELIVER SUBSTANTIAL QUANTITIES  
OF RAW MATERIALS, ENERGY, SEMI-FINISHED PRODUCTS, AND  
SPECIALIZED CONSUMER GOODS -- PARTICULARLY AUTOMOBILES --  
IN RETURN FOR HUNGARIAN MACHINERY, BUSES, CLOTHING, AND  
AGRICULTURAL PRODUCTS. FROM FIRST GLANCE, IT APPEARS THAT  
IN GENERAL SIZE OF SOVIET DELIVERIES IN 1975 WILL BE APPROX  
AT SAME LEVELS DELIVERED IN 1973 WHILE HUNGARIAN EXPORTS  
TO USSR -- PARTICULARLY BUSES, SHOES, AND KNITWEAR --  
WILL RISE MODERATELY. WHILE TWO FOREIGN TRADE MINISTERS  
IN THEIR COMMENTS ON OCCASION OF AGREEMENT SIGNING  
REPEATEDLY EMPHASIZED  
PROGRESS MADE IN COORDINATION OF TWO  
ECONOMIES AND INCREASED INDUSTRIAL COOPERATION,  
THERE WAS NO REFERENCE MADE TO SPECIFIC NEW COOPERATIVE  
VENTURES. CONSPICUOUSLY ABSENT, PARTICULARLY IN VIEW OF  
REPORTS WHICH HAVE CIRCULATED LOCALLY CONCERNING IMPENDING  
PRICE RISES FOR SOVIET OIL, ARE ANY REFERENCES TO PRICES.  
PREVIOUS REPORTS IN HUNGARIAN PRESS REGARDING SOVIET OIL  
DELIVERIES HERE HAVE GENERALLY INCLUDED COMMENT THAT OIL  
BEING SUPPLIED AT UNCHANGED PRICES. ABSENCE OF SUCH A  
DISCLAIMER FOLLOWING PERIOD OF PROTRACTED  
NEGOTIATIONS WOULD APPEAR TO GIVE ADDED CREDENCE TO REPORTS  
STATING THAT OIL PRICES HAVE BEEN RAISED.  
MUDD

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## Message Attributes

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